

March 10, 2004

*Frank W. Abagnale*

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, DC 20551

Re: Docket number R-1176 Check Clearing for the 21st Century Act

Dear Ms. Johnson:

I would like to comment on Section XXXI § 229.52 Substitute Check Warranties and Section XXXII. § 229.53 Substitute Check Indemnity of the Check 21 Act.

XXXI § 229.52 Substitute Check Warranties

There has been discussion about whether or not a substitute check must contain ALL the information that was on the original check. In my view, for the American public to accept the concept of a substitute check, the substitute check must contain all the information that was on the original check. While the warranty as written requires this, I want to voice my concurrence with the position as presently constituted.

XXXII § 229.53 Substitute Check Indemnity

I also want to voice my concurrence with the Indemnity provision. However, there ought to be a timeframe specified in the Act to make a claim under the Indemnity. In my view, the timeframe should be not less than 60 days. A 60-day timeframe allows for a check that was converted on the first day of an account holder's statement cycle to be received in the bank statement, and 30 days to reconcile the statement.

The example of a converted counterfeit check provided on Page 77 of the proposed rules is very clear. I would like to see a similar example of an altered check. Doing so would make it equally clear that the Indemnity includes altered checks. Of course, this assumes that the bank's sight review threshold and the original check's safety features were such that the alteration would have been identified had the original check been presented.

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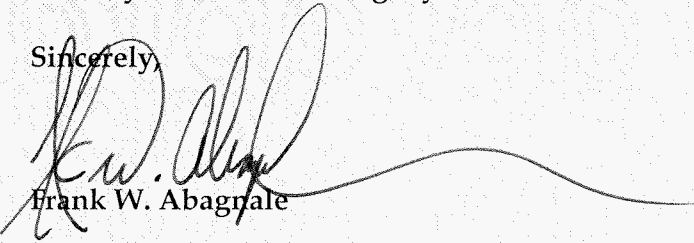


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One final thought on why the Indemnity is important. Most checks converted under Check 21 will be truncated. In the case of an altered or counterfeit check, from a law enforcement point-of-view the physical evidence will be lost, making a successful prosecution more difficult. If that loss could have been prevented by receipt of the original check, at the very minimum the converting bank should absorb the loss.

Thank you for considering my comments.

Sincerely,



Frank W. Abagnale

FWA/sn